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TAGS: [PGOV](#) [PREL](#) [PHUM](#) [TU](#) [GG](#)
SUBJECT: GEORGIA: EFFECTS OF WAR CHALLENGE PROGRESS IN
ADJARA

REF: A. 08 TBILISI 2073
[B](#). 07 TBILISI 2393

Classified By: AMBASSADOR JOHN F. TEFFT FOR REASONS 1.4 (B) AND (D)

[1](#)1. (C) Begin Summary: Following November 3 elections for the Supreme Council of the Autonomous Republic of Adjara in southwestern Georgia (ref A), Poloff met local officials and the Turkish Consul. The region was recovering from lost tourism revenues as a result of the August war with Russia. Local officials and the Turkish diplomat agreed that unemployment was the region's most critical problem. The governor was working for economic development and increased tourism (ref B). He said several new factories and hotels were under construction, and oil shipments were back to pre-war levels. Water projects were underway and reforms were continuing, albeit slowly. The recently-arrived Turkish Consul Thugrul Ozten said Turkey wanted to help Georgia in its development, and noted significant Turkish investment in Adjara. Ozten candidly noted frustration with the Georgian government but affirmed that Turkey fully supported Georgia's territorial integrity and saw Adjara's semi-autonomy as a possible example for re-integration. End Summary.

[1](#)2. (C) Comment: The 18-member, newly-elected Supreme Council is dominated by businessmen tied to the ruling United National Movement (UNM) party. It was unclear how they will govern as the central government has generally moved to consolidate authority over local administrative bodies throughout Georgia. Recent amendments to the Adjara Constitution did not expand the Council's practical responsibility. Construction and economic activity were continuing in Batumi, although a slower pace of construction was noted compared to summer 2007. It appeared that the war in August has had a negative affect on investment activity, but signs of progress in the region were emerging. End comment.

TURNOVER TIME FOR THE SUPREME COUNCIL

[1](#)3. (C) Outgoing Chairman of Adjara's Supreme Council Mikheil Makharadze, told Poloff he may not remain Chairman despite his re-election. He said that the new council's members-elect would need time to adapt from being businessmen to politicians, and the new council's priorities were still unclear. He acknowledged that August was painful for Adjara, and said unemployment was the region's biggest challenge. Makharadze said that the August war with Russia had deterred tourists, as only 40,000 visitors came in August compared to 170,000 in 2007. According to local statistics, September tourism numbers approached those of 2007, although Batumi and Kobuleti were largely empty during early-November. He said the August events proved to him the need for Georgian and Adjara officials to work more closely with European governments and institutions. On the question of Adjara's autonomy, he said that the Adjara Chamber of Control, which collected and dispersed public funds, reported to the

Georgian Parliament rather than the Supreme Council. He said the Council must get the approval from the governor's office to spend "even 50 GEL" (30 USD). Makharadze said the new Supreme Council, which will convene in December, was still analyzing the current situation. He noted that building relationships with the media to explain governmental actions and reaching out to Adjarans living in the villages would be key goals for the new council.

THE GOVERNOR'S VIEW

14. (C) Governor of Adjara, Levan Varshalomidze, told Poloff that he continue to work to implement reforms of the government administration and economy. He acknowledged such reform was hard on residents, and especially difficult for those in the region's mountainous villages. He noted that his own staff had been reduced by over 60 percent over the previous two years. Also claiming unemployment is the region's greatest challenge, Varshalomidze was relentlessly working to increase tourism (ref B). He hoped to see one million tourists annually by 2010 visit Adjara.

15. (C) Varshalomidze said new factories producing textiles and pharmaceuticals, as well as a sunflower oil processing facility, were expected to open in November. In addition, he said Hilton, Radisson, and Hyatt hotels were under construction in Adjara. Varshalomidze said his government had tourism agencies in Armenia and Azerbaijan and would launch a marketing campaign in those countries in 2009. Furthermore, oil shipments were back to pre-war levels. Varshalomidze admitted he was frustrated with the slow pace of reform. He noted that a new water system for Batumi,

TBILISI 00002117 002 OF 002

backed by a 58 million USD German loan and planned several years ago, was finally opened two weeks earlier. Similarly, a 25 million USD Dutch grant would supply a water system for Kobuleti next year. Varshalomidze says he remained committed to USAID's Public Administration Reform program (ref B), although he provided few details on its current state. He also said development of civil society remains a priority. His government will hold an open house in December, with NGOs, to promote the next wave of the Public Administration Reform program.

TURKS WORKING TOWARD STABILITY

16. (C) Ozten, the recently-arrived Turkish Consul, welcomed the three Poloffs into Turkey's newly-renovated consulate next to the Intourist Hotel. He said a secure, stable and democratic Georgia was in Turkey's interest. To this end, Ozten said Turkey was trying to help Georgia in its development, and Turkish investment in Adjara totaled more than 90 million USD and employed more than 3,000 people. Turkey had provided a visa-free regime and permitted Georgians to work and trade across the Turkish-Adjaran border, at a cost of lost tax revenues. Ozten noted an increasing number of Turkish businessmen coming to Georgia. He agreed that unemployment was the biggest challenge facing the region. The Consul affirmed that Turkey fully supported Georgia's territorial integrity and had counseled the GOG to maintain Adjara's autonomy as an example to other separatist regions. He expressed concern at Adjara's lessening autonomy and the central government's role, which he saw as a reaction to Aslan Abashidze's previous iron-grip on power.

17. (C) The Consul candidly noted some frustration with the Georgian government, due to "its tendency to take shortcuts with its democratic institutions." He worried that the government's desire to do things too fast was counter-productive to the goals of democratization, and could lead to mistakes. A particularly worrisome example, in Ozten's view, was the strong, non-secular correlation between Georgian nationalism, the Georgian Orthodox Church, and the UNM which had been increasing in Adjara. He said that

non-Orthodox Adjaraans were already feeling estranged from full participation in society, and that many who spoke Turkish as a second language could feel ostracized. He claimed some deputy ministers were working closely with the Georgian Orthodox Church and leading mass baptisms. (Note: post will review this claim septel. End note.) Ozten said his government was willing to grant Georgia leeway on its path of democratic development, but said "the government must show progress." On Georgia's new Prime Minister, former Ambassador to Turkey Lado Mgaloblishvili, Ozten agreed it was beneficial that Mgaloblishvili knows Turkey and its leaders, but believed it was more important that average Georgians visit Turkey and return with a better understanding of the country and its people.

TEFFT